Increase in the Price of 'Expandable Polystyrene'

8355. SHRIMATI MALTI SHARMA:
SHRI RAJ NATH SINGH:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether Government are aware of the fact that certain multinational chemical companies have tremendously increased the prices of their plastic raw material 'Expandable Polystyrene',

(b) whether it is a fact that this raw material is essentially reserved for the small scale units engaged in packaging industry;

(c) if so, whether due to this increase in price, the small scale units are facing serious survival problems; and

(d) if so, the reaction of Government thereto?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) Prices of plastic raw material including 'Expandable Polystyrene have increased as compared to prices in 1994.

(b) Polystyrene foam products (except slabs for expandable polystyrene bead manufacturers) are reserved for manufacture in the small scale sector.

(c) and (d) Representations have been received from the small scale units about the increase in prices of the plastic raw materials. The prices of raw material are today governed by market forces and its imported price. The prices of plastic raw materials are reported to be rising in the international market on account of increase in demand and the industry coming out of recession. To help domestic industry, Government has placed inputs for manufacture of expandable polystyrene in OGL and has reduced custom and excise duty on this product.

Increase in imports due to Liberalisation Policy

8356. SHRIMATI MALTI SHARMA:
SHRI RAJ NATH SINGH:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that due to the liberalisation policy of Government, certain multinational chemical companies like BASF India Limited have increased their imports and have virtually stopped their indigenous production;

(b) whether it is also a fact that due to this fall in indigenous production, BASF India Limited has merged its plastic division with some other division;

(c) if so, whether Government are aware of the fact that consequently the said company is asking its professionals to leave the company without adequate compensation; and

(d) if so, the steps Government have taken or propose to take to avoid such harassment?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (d) Imports of chemicals are regulated through the EXIM Policy. Government does not monitor the functioning of private companies. However, according to the information received from BASF India Ltd., there has been no increase in their imports and fall in indigenous production in the recent past and the restructuring of Divisions is a normal management practice in commercial organisations.

Difference in production cost of various medicinal products

8357. SHRI RATNA BAHADUR RAI: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether it is a fact that there is a big difference in the production cost of various medicinal products of Cinchons

and the cost fixed for marketing as determined by BICP;

(b) if so, whether Government intends to reiew the situation and devise ways and means to meet this gap and save the industry from the recurring losses; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (c) BICP had recommended a price of Rs. 4,408/Kg. and 540/Kg. for Quinine Sulphate and Quinine Hydrochloride respectively as against the earlier notified price of Rs. 2530/Kg. and 3262/Kg. respectively. However, Quinine is outside price control since 6.1.1995, the date on which the DPCO, 1995 was promulgated.

Norms and incentives for R&D to drug industry

8358. SHRI SUDHIR RANJAN MAJUMDAR: Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) whether norms and incentives for R&D to the drug industry have been announced and if so. the details thereof;

(b) the incentives for R&D available to the drug industry under DPCO, 1995 and what were the incentive available under DPCO, 1987;

(c) whether it is a fact that new incentives have not been implemented so far and if so, the reasons for non-implementation of the incentives. and

(d) the details of applications for exemption from price control on the ground of R&D pending with the Ministry since when and what action has been taken?

THE MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI EDUARDO FALEIRO): (a) to (c) Policy initiatives to strengthen research and development in the pharmaceutical industry, as contained in "Modifications in Drug Policy, 1986", announced in September, 1994 are as follows:—

(i) A new drug which has not been produced elsewhere, it developed through indigenous R&D would be put outside price control for a period of ten yeas from the date of commercial production in aour of the Company who undertook in the R&D.

(ii) The Department of Chemicals and Petrochemicals would set up an Inter-Ministerial group to decide, within a set time frame, on measures to give further impetus to R&D in the Drug Sector.

(iii) The rate of return in case of basic manufacture would be higher by 4 per cent over the existing 14 per cent on net worth or 22 per cent on capital employed.

With respect of measure (i) and (iii) above necessary provisions have been made in DPCO '95 notified on 6-1-95. In so ar as measure (ii) above is concerned inter-ministerial committee constituted by the Government for the purpose has since submitted its recommendations which are under the consideration of the Government.

The above measures are in addition to existing incentives being enjoyed by Drug Industry which are given below:—

1. Exemption from price control on account of own R&D.

2. Exemption from price control to New Drug Delivery Systems.

3. Higher profitability ceiling for units engaged in R&D.

(d) The details of applications for exemption from price control pending